THE ARAB LEAGUE
(Boycott of Israel)

The Arab League boycott of the state of Israel is an impediment to U.S. trade and investment in the Middle East and North Africa. Arab League members include the Palestinian Authority and the following states: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, the United Arab Emirates (UAE), and Yemen. However, not all Arab League members participate in the boycott.

The primary aspect of the boycott prohibits the importation of Israeli-origin goods and services into boycotting countries. The secondary and tertiary aspects of the boycott discriminate against U.S. and other foreign firms that do business with both Israel and boycotting countries and directly affect U.S. exports to the region. The secondary boycott prohibits any entity in Arab League states from engaging in business with U.S. or other foreign firms that contribute to Israel's military or economic development. The tertiary boycott prohibits business dealings with U.S. and other firms that do business with blacklisted companies. Such firms are placed on a blacklist maintained by the Damascus-based Central Boycott Office (CBO), a specialized bureau of the Arab League.

The CBO uses a variety of means to determine compliance with the boycott, including analyzing information obtained through questionnaires sent out to third-country individuals and firms. If the CBO suspects that a firm has engaged in proscribed activities, it may recommend that the Israel Boycott Offices of the member states add the firm to the blacklist. Boycott offices of Arab League states are supposed to meet in Damascus twice a year to consider adding foreign firms to (or removing foreign firms from) the blacklist. There has been no regional boycott meeting since April 1993 because of the inability to assemble a quorum, and some states have dismantled their boycott offices entirely. However, the semiannual Arab League Ministerials have sometimes discussed boycott issues.

While the legal structure of the boycott in the Arab League remains unchanged, its enforcement varies widely from country to country. Some member governments of the Arab League have consistently maintained that only the Arab League as a whole can revoke the boycott. Other member governments support national discretion on adherence to the boycott, and a number of states have taken steps to dismantle their adherence to some aspects of it.

More specifically, Egypt has not enforced any aspect of the boycott since 1980, pursuant to its 1979 Treaty of Peace with Israel. Jordan formally terminated its adherence to all aspects of the boycott effective August 16, 1995, when legislation implementing its Treaty of Peace with Israel was enacted. The Palestinian Authority agreed not to enforce the boycott in a 1995 letter to then-U.S. Trade Representative Kantor.

The Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) announced in September 1994 their non-adherence to the secondary and tertiary aspects of the boycott (a decision that Kuwait had announced previously). In 1996, both Oman and Qatar ended boycott enforcement and established reciprocal trade arrangements with Israel. Other Arab League members that have stopped enforcing the boycott include: Mauritania, Morocco, and Tunisia, which have recognized Israel through establishment of limited diplomatic relations; Yemen, which formally renounced observance of the secondary and tertiary aspects of the boycott in 1995; and Algeria, which still adheres in principle but not in practice to the boycott. In Lebanon, the primary boycott is generally enforced, but Lebanese officials selectively enforce the secondary and tertiary boycotts.

While the boycott is no longer an issue in most Arab League countries, it remains a substantive impediment to doing business in those countries which still rigidly impose its terms. In this respect, Syria continues to be among the strictest adherents to the boycott. Although it allows goods to be imported with a positive, rather than negative, country of origin certificate, Syria strictly monitors and controls entry into its ports by ships that have made calls in Israel, and it often requires certifications of commercial activity in Israel by companies seeking to register trademarks or acquire import licenses.

Under U.S. antiboycott legislation enacted in 1978, U.S. firms are prohibited from providing any information about business relationships in response to a boycott request and are required to report receipt of any such request to the U.S. Department of Commerce's Office of Antiboycott Compliance. U.S. antiboycott laws also prohibit U.S. persons from taking certain other actions, including refusal to do business with a blacklisted company. Encouragingly, the number of boycott-related requests to U.S. firms to take prohibited actions continues to fall across the region. Boycott compliance requests most often reflect obsolete references in procurement or import documents, or a reluctance to make overt changes in document templates, rather than official policy. Although there have been exceptions, requests that foreign firms comply with secondary and tertiary boycott certifications are typically withdrawn when challenged. The fact that the *de jure* status of the boycott and U.S. law remain unchanged, however, makes the boycott a continuing problem for firms that may have to report boycott-related requests.

Where enforced, the boycott serves as a ban or zero quota on the products of a blacklisted firm. While it is unevenly applied, the boycott results in economic harm to U.S. firms in terms of lost sales, foregone opportunities, and distortion of investment decisions that are difficult to quantify accurately. The United States continues to oppose the boycott. Embassies and visiting officials raise the boycott with country officials, noting the persistence of prohibited boycott requests and the impact on both U.S. firms and on the countries' ability to expand trade and investment.